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**DATE:** January 20, 2009

**TO:** Redevelopment Agency Board Members

**FROM:** Redevelopment Director

**SUBJECT:** Authorization to Negotiate and Execute a Professional Services Agreement with Townsend Public Affairs, Inc. and Appropriation of Funds to Assist in Securing State Funding for Proposed South Hayward BART Transit-Oriented Development by Montana-Wittek

**RECOMMENDATION:**

That the Redevelopment Agency Board adopts the attached resolutions authorizing the Executive Director to negotiate and execute a professional services agreement with Townsend Public Affairs, Inc. in order to provide assistance in preparing applications and securing State Proposition 1-C funding for a proposed transit-oriented development at the South Hayward BART Station; and appropriating funds in the total amount of \$30,000 for that purpose.

**BACKGROUND:**

Staff has received a development application from BAR Architects (Bachen, Arrigoni, and Ross) for a mixed-use development on the South Hayward BART Station parking lots on Dixon Street, south of Tennyson Road. The proposed developer of the project is a partnership consisting of Kurt Wittek and Joe Montana with Eden Housing, Inc. The Wittek-Montana partnership has entered into an Exclusive Negotiating Agreement with BART for development of the property. The development proposal for all the BART parking properties and the adjacent Perry & Key site owned by Wittek-Montana currently includes a total of 772 residential units, 64,680 square feet of retail space, 1,128 private parking spaces, and 910 BART patron parking spaces – all on a total of approximately 12 acres. The site has been divided for planning purposes into five parcels, four of which are contained on the main BART parking lot, and a fifth parcel which comprises the BART overflow parking lot east of Dixon and the Perry & Key site (see Exhibit 1 – Site Map). The developers propose to add a strip of Cal Trans-owned property south adjacent to the Perry & Key/BART overflow lot, in order to enhance circulation and access for their development. However, that property is not currently included in the development.

The proposed first phase of development includes Parcel 1, 2, and potentially Parcel 4. Parcel 1 development would consist of approximately 58,500 square feet of retail space, which is anticipated to consist of a major grocery store, 125 units of affordable housing units to be built on a podium atop the store, and approximately 190 parking spaces provided for the retail development. Parcel 2 development would consist of 65 units of residential development, plus approximately 1,920 square

feet of retail plus a total of 241 parking spaces; which would be designated for the residents of both Parcels 1 and 2. Finally, Parcel 4 is designated for a parking structure to accommodate BART patron parking. The Parcel 4 parking structure would likely be built as part of the Phase I development or shortly thereafter, as funding permits.

The development is being proposed in conformance with the adopted South Hayward BART/Mission Boulevard Concept Design Plan, which was adopted by the City Council in 2006. In November, the City Council held a work session to review the proposed Wittek-Montana development; and in December 2008, the City Council held a work session to discuss potential changes and refinements to the Plan. Staff is moving forward with a proposal to consider zoning changes, as well as changes and refinements to the South Hayward BART/Mission Boulevard Plan, including a form-based code.

The provision of BART patron replacement parking is of major concern to all parties. Additionally, the provision of a new driveway/circulation system for bus and autos would also be required. A replacement BART parking structure of 900 spaces is roughly estimated to cost \$37 million, and estimates are currently being prepared for the other infrastructure needs. The developer would need to work with BART on the provision of these facilities as part of the development.

A unique opportunity is currently available to assist with funding the proposed redevelopment of the South Hayward BART Station. In 2006, Proposition 1C was passed by the California voters, and authorized the issuance of \$2.85 billion in bonds to fund programs and projects to develop affordable, transit-oriented housing and related infrastructure throughout the state. The first round grants, totaling approximately \$490 million in funding, were awarded in 2008 by the state Department of Housing and Community Development (HCD). A second round solicitation for funding applications is currently due to be released in February, barring state budgetary delays. This next round could include up to \$1 billion in funding, allocated as follows: \$150 million for Transit-Oriented Development (TOD) projects, \$450 million for Urban Infill projects, \$100 million for Housing Innovation Projects and \$200 million for Urban-Suburban-Rural Parks projects. The proposed South-Hayward BART development could be considered for funding under both the TOD and Urban Infill programs. The City or Hayward Redevelopment Agency must serve as an applicant of record for this project.

The criteria for “scoring” grant applications by HCD place a heavy emphasis on the provision of affordable housing. In addition, the City has an Inclusionary Housing Ordinance requiring the production of 15% affordable housing units for larger new developments, and the Redevelopment Project Area also has an affordable housing production requirement. As a result, the developer has partnered with Eden Housing to include affordable housing as part of the first phase of its development, and Eden is taking a lead in developing the Prop 1C Grant proposal. While a number of scenarios are currently being considered, it is anticipated that approximately 50 to 60% of the 240 proposed first phase residential units would be designated for affordable housing.

Proposition 1-C funding for the project will be sought for both the affordable housing itself and for the infrastructure associated with the BART replacement parking structure, and transit access improvements in the area – such as pedestrian and bicycle facilities, streetscape improvements, and improved bus facilities for AC Transit.. The potential range of Proposition 1-C funds for the

housing component is currently ranging from approximately \$13 to \$14 million, while funds available for infrastructure projects are currently ranging from \$10 to \$15 million. A total grant limit of approximately \$24 to 29 million for the entire development currently appears to be possible. It is anticipated that the developer will request additional financial assistance from the City/Redevelopment Agency, from the City's federal CDBG and HOME allocations, and will apply for mortgage revenue bond funds and affordable housing tax credits.

## **DISCUSSION:**

The City Manager/Executive Director has received a proposal from Townsend Public Affairs, Inc. to provide services in connection with the preparation of the Proposition 1-C grant proposal for the South Hayward BART Station development. Townsend is a firm that specializes in assisting public agencies and non-profit organizations to secure public sector funding for capital improvements projects, ranging from transportation and parks to museums and affordable housing. The firm's primary offices are located in Sacramento, and they were involved in the preparation of the Proposition 1-C bond initiative. Subsequent to the bond's passage, Townsend worked with the cities of Oakland and West Sacramento to secure funding for several projects, including the MacArthur BART Station project in Oakland. Townsend-supported projects received a total of \$83 million, or 17% of the total first round Proposition 1-C funding.

Townsend's proposed role for Hayward will be to work with both staff, and the Wittek/Montana-Eden development team to develop the strongest possible grant application for this highly competitive process. After the proposal is submitted, Townsend will assist in monitoring progress at the State HCD in evaluating the grant proposals, and in advocating for the funding of this proposal. The proposed contract is for the duration of the current fiscal year, which is expected to cover the length of time from the preparation and submittal the proposal through the grant award announcement by the State HCD. Townsend's fee for this period would be a flat \$5,000 per month, for a total of \$30,000. If Townsend's services prove valuable, the firm could be useful in identifying and securing additional sources of funding for this and other projects.

## **FISCAL IMPACT:**

Funding these proposed activities would reduce the Agency's tax increment fund balance by \$30,000. As of September 30<sup>th</sup>, the Agency currently has a tax increment cash balance of approximately \$7.9 million. The proposed services provided by the firm could assist in obtaining funding for the proposed BART parking and infrastructure and affordable housing at the BART Station in the range of \$20 to \$30 million.

## **PUBLIC CONTACT**

The proposed Wittek-Montana development at the South Hayward BART Station was discussed at two Council work sessions: one on November 18, 2008 was devoted to the particulars of the development program and site plan, and another on December 2, 2008 to discuss the proposed refinements to the South Hayward/Mission Boulevard Concept Design Plan. A development application has been submitted to staff and will be scheduled for Planning Commission and City Council consideration within the next two months. In addition, staff will discuss this proposal,

along with other potential housing-related projects at a work session regarding affordable housing that is scheduled for January 20th.

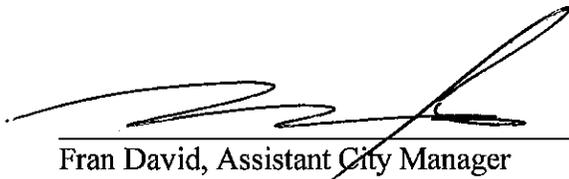
**SCHEDULE (or NEXT STEPS)**

If the funding is approved, staff will prepare a contract for execution with Townsend Public Affairs, Inc. As discussed above, the timeline for this contract is for a six-month period, and is intended to coincide with the Proposition 1-Cgrant preparation, submittal and evaluation period.

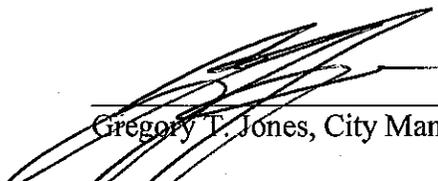
Prepared by:

  
Maret Bartlett, Redevelopment Director

Recommended by:

  
Fran David, Assistant City Manager

Approved by:

  
Gregory T. Jones, City Manager

Attachments: Exhibit A: Proposed South Hayward BART Station Development Site Map  
Exhibit B: Consultant Proposal Letter  
Resolutions

**DUE TO THE COLOR OF  
THE REFERENCED  
EXHIBIT, IT HAS  
BEEN ATTACHED AS  
A SEPARATE LINK**



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## MEMORANDUM

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**To:** Greg Jones, City Manager, City of Hayward  
**From:** Townsend Public Affairs, Inc.  
**Date:** November 12, 2008  
**Subject:** Proposal for Services: Transit Oriented Development and Infill Infrastructure Grants

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For your consideration, Townsend Public Affairs, Inc. (TPA) has prepared the following memo for the City of Hayward which includes an overview of our firm and a summary of our housing related funding successes. We have placed an emphasis in this proposal on the Transit Oriented Development and Infill Infrastructure Grant programs administered by the Department of Housing and Community Development, reflective of the priority projects of the City of Hayward and the most immediately available funding opportunities.

Townsend Public Affairs is a firm committed to helping public agencies and non-profit organizations achieve their funding and legacy project goals. In short, we have the local knowledge, the client-based perspective, and the history of proven results that will ensure success for the City of Hayward. TPA is unique among government relations and advocacy firms for three primary reasons:

1. **We are focused on funding:** We have an unmatched track record of securing funding for significant capital projects from local, state, and federal government sources.
2. **We are based in the community:** While we maintain very strong ties to relevant contacts in Sacramento through our office across the street from the State Capitol, we are headquartered and maintain a significant presence in the community. With regional offices in Orange County for Southern California and the Bay Area for Northern California, we are engaged daily in the issues and challenges that local government officials face.
3. **We bring to our clients and their projects added value:** We focus on the specific and unique funding and advocacy needs of our clients rather than simply providing another voice in the crowd on broader policy issues which the League of California Cities and other statewide associations focus.

With this combination of funding experience, community presence, and a relentless focus on adding value, we solve problems and help move priority projects from dreams into reality.

Securing public sector funding has been a core competency of Townsend Public Affairs since its inception and is what truly distinguishes TPA from other government relations firms. **TPA has secured over \$518 million in public sector funding for "legacy" capital improvement projects** for various organizations, including the following prominent projects relevant to needs similar to those of the City of Hayward:

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Southern California Office • 2699 White Road • Suite 251 • Irvine, CA 92614 • Phone (949) 399-9050 • Fax (949) 476-8215  
Northern California Office • 436 14<sup>th</sup> Street • Suite 723 • Oakland, CA 94612 • Phone (510) 835-9050 • Fax (510) 835-9030  
State Capitol Office • 1121 L Street • Suite 607 • Sacramento, CA 95814 • Phone (916) 447-4086 • Fax (916) 444-2063

- **\$83 million** for infill housing projects through the Proposition 1C Transit Oriented Development and Infill Infrastructure Grant programs
- **\$51 Million** for surface transportation projects in the cities of Antioch and Placentia
- **\$30 million** for the Groundwater Replenishment System in Orange County (one-third of the funds available statewide)
- **\$13 million** for affordable housing projects in the cities of Oakland and Fresno
- **\$13 Million** for six museum, historical renovation and cultural center projects (total secured represents approximately 20% of the funds available statewide)
- **\$10 Million** for three parks, recreation, and at-risk youth center projects in the cities of Anaheim, Santa Ana, and Placentia

The funding identified above has come from state and federal budget earmarks, discretionary grants awarded by state agencies, as well as competitive grants and low-interest loans.

### **INTRODUCTION & ENGAGEMENT**

Our work goes beyond simply lobbying on behalf of our clients to secure funding. We provide coordinated services to achieve our clients' strategic public sector funding and policy objectives. After helping identify, shape, and develop the funding programs to meet the needs of our clients, we help prepare grant applications or request letters, identify partners and legislative sponsors, and then advocate for funding throughout the entire budget, grant, or other funding process. Finally, and critically, once the funding is secured, we help ensure rapid disbursement that provides the flexibility our clients need to complete the project.

We typically charge an all inclusive monthly fee for working on the aforementioned opportunities. This includes grant support services for a wide variety of projects, proactive identification of new funding opportunities, diligent process management, and implementation of an advocacy strategy designed to maximize funding. Furthermore, all of our consulting contracts contain a 30-day no-fault termination clause to protect our clients if circumstances change at any time.

TPA has a wealth of experience and expertise with public sector funding advocacy that can work to the benefit of the City of Hayward. In addition to the specifics below, we are providing an overview of the firm which includes our experience, our relationships, and our results. As you will see, TPA possesses the skills, experience, and track record of tangible outcomes that the City of Hayward needs to achieve its goals.

We would be proud and honored to count the City of Hayward among our portfolio of clients, and we look forward to meeting with you to further discuss how we can help you transform your priority projects from concept into reality.

**TRANSIT ORIENTED DEVELOPMENT (TOD) AND INFILL INFRASTRUCTURE GRANT (IIG) PROGRAM**

In 2006, as part of a comprehensive infrastructure bond package, California voters approved Proposition 1C, authorizing \$2.85 billion in bonds to fund various programs to incentivize and develop affordable housing and housing-related infrastructure throughout the state. Townsend Public Affairs, Inc. participated in the development of the bond measure and its campaign for voter approval, and now continues to participate in the implementation of its various funding programs that are administered by the California Department of Housing & Community Development (HCD) via legislation and regulations, with a goal of ensuring that our client projects fit the program requirements.

In late 2007, the Legislature adopted implementing legislation and appropriated \$340 million in the FY08 budget for two programs: \$100 million for the Transit Oriented Development (TOD) Grant Program and \$240 million for the Infill Infrastructure Grant (IIG or "Infill") Program. HCD is the administering agency for both programs and is tasked with developing program guidelines through stakeholder input and then conducting a competitive grant process. In early 2008, HCD received 59 TOD applications totaling \$550 million and 124 Infill applications totaling \$1 billion, reflecting an oversubscription of approximately 5 to 1 and 4 to 1, respectively. HCD staff published recommendations in early June 2008 and the HCD Loan & Grant Committee voted on final recommendations on June 19-20, 2008. In order to ease the oversubscription of the programs and provide additional funding for the numerous high-quality grants received in the first rounds of both programs, the Legislature (supported by TPA) adopted AB 1252 as an urgency measure signed by the Governor on June 30, 2008, appropriating an additional \$100 million for Infill and \$50 million for TOD projects.

TPA developed several applications for its clients, all of which received funding, resulting in the following funding achievements:

<b>Infill Infrastructure Grant (IIG)</b>				
<i>Project</i>	<i>Applicant</i>	<i>City</i>	<i>Client</i>	<i>Amount</i>
Triangle Development Area	City of West Sacramento	West Sacramento	Triangle Owner's Group	\$ 23,081,360
MacArthur Transit Village	City of Oakland Redevelopment Agency	Oakland	City of Oakland	\$ 17,300,383
Central Business District/Uptown	City of Oakland Redevelopment Agency	Oakland	City of Oakland/Fox Theater	\$ 9,903,000
<b>Total for TPA Clients:</b>				<b>\$ 50,284,743</b>

46 applicants were awarded funding, totaling \$340 million. 3 TPA client awards account for 15% of Round 1 IIG grants.

<b>Transit Oriented Development (TOD)</b>				
<i>Project</i>	<i>Applicant</i>	<i>City</i>	<i>Client</i>	<i>Amount</i>
MacArthur BART	City of Oakland and BRIDGE	Oakland	City of Oakland	\$ 17,000,000
Coliseum BART	City of Oakland/Related Co. & EBALDC	Oakland	City of Oakland	\$ 8,485,000
Lion Creek Crossing	City of Oakland/Related Co. & EBALDC	Oakland	City of Oakland	\$ 7,527,592
<b>Total for TPA Clients:</b>				<b>\$ 33,012,592</b>

16 applicants were awarded funding, totaling \$150 million. 3 TPA client awards account for 23% of Round 1 TOD grants.

TPA-supported projects included one of only six projects funded from both programs, MacArthur BART, which received the 3rd largest amount statewide, and another project, Triangle Development Area, that received the 4th largest amount from the Infill program. In summary, **TPA secured for its clients over \$83 million (17% of the total) Round 1 HCD funding awarded from the two programs.**

Looking ahead over the next few years, HCD will be disbursing an additional \$1 billion in Proposition 1C bond funds over one or more rounds of competitive grants: \$150 million for TOD projects; and \$450 million for Infill projects; \$100 million for Housing Innovation projects; and \$200 million for Urban-Suburban-Rural Parks projects. **In order maximize this unique financial opportunity, TPA stands ready to help the City of Hayward influence grant eligibility guidelines, develop competitive projects, prepare winning grant applications, secure full funding award levels, and receive rapid and flexible fund disbursement.**

## **COST PROPOSAL**

Townsend Public Affairs, Inc. standard monthly fees for state government advocacy services for public agencies as well as our proposed monthly fees for the City of Hayward are as follows:

<b>Description of Services</b>	<b>Standard Fees</b>	<b>Fee for the City of Hayward</b>
<b><i>Fees for Targeted Services:</i></b> <b><i>January 1, 2009-June 30, 2009</i></b>		
State Government Funding Advocacy, Grant Review & Consulting related to the Infill Infrastructure Grant program and Transit Oriented Development program	\$7,500/mo.	\$5,000/mo.

Since HCD is poised to release its NOFA for the second round of funding for Prop 1C TOD and IIG programs within the month, we would propose that this agreement have an **immediate effective date and run for six months to June 30, 2009**. Based upon the discounted monthly fee schedule proposed above, we are proposing a total contract cost of \$30,000 for our services specifically targeted to secure Prop 1C grants that could generate several million dollars for the City of Hayward.

While the minimum length of term for a standard TPA contract proposal is one year, we are willing to propose a 6 month contract for the City of Hayward that would expire at the end of your fiscal year on June 30<sup>th</sup>, 2009. We feel confident to offer you such a discount because our track record (and thus expectation) is to enjoy a productive long-term relationship with our clients, partly due to the on-going nature of capital projects and public sector funding processes, and partly due to our successful protocol of integrating our organization with our clients to find, develop, and capitalize on new opportunities over time. All that notwithstanding, given our desire to protect the financial interests of the City of Hayward, **our proposed contract contains a 30-day no-fault termination clause.**

**DRAFT**

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

RESOLUTION NO. RA \_\_\_\_\_

*mal*

Introduced by Agency Member \_\_\_\_\_

*1/14/09*

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH TOWNSEND PUBLIC AFFAIRS, INC., TO ASSIST IN SECURING STATE FUNDING FOR A TRANSIT-ORIENTED DEVELOPMENT

BE IT RESOLVED by the Redevelopment Agency Board of the City of Hayward that the Executive Director is hereby authorized and directed to negotiate and execute a professional services agreement with Townsend Public Affairs, Inc., to assist in securing state funding for a proposed development at the South Hayward BART Station, and similar activities, in an amount not to exceed \$30,000, in a form to be approved by the Agency Counsel.

HAYWARD, CALIFORNIA \_\_\_\_\_, 2009

ADOPTED BY THE FOLLOWING VOTE:

AYES: AGENCY MEMBERS:  
CHAIR:

NOES: AGENCY MEMBERS:

ABSTAIN: AGENCY MEMBERS:

ABSENT: AGENCY MEMBERS:

ATTEST: \_\_\_\_\_

Secretary of the Redevelopment Agency  
of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
General Counsel

